

BEFORE
THE PUBLIC SERVICE COMMISSION OF
SOUTH CAROLINA
DOCKET NO. 90-517-C - ORDER NO. 90-1176
DECEMBER 19, 1990

IN RE: Application of Matrix Telecom) ORDER GRANTING
 d/b/a Phone\$ave for a) CERTIFICATE OF
 Certificate of Public Convenience) PUBLIC CONVENIENCE
 and Necessity) AND NECESSITY

This matter comes before the Public Service Commission of South Carolina (the Commission) by way of an application filed on July 23, 1990, by Matrix Telecom d/b/a Phone\$ave (the Company) seeking a Certificate of Public Convenience and Necessity to operate as a reseller of telecommunications services within the State of South Carolina. The Company is a non-facilities based telecommunications reseller and is a Texas based general partnership which markets its services to the National Association for the Self Employed (NASE). The services consist 1+ (Feature Group D) and inbound 800 INWATS products.

The application was filed under the provisions of S.C. Code Ann. Sections 58-9-10(6) and 58-9-280 (1976), as amended. The application was duly noticed to the public, and a Petition to Intervene was filed on behalf of Southern Bell Telephone and Telegraph Company (Bell). A public hearing as to the matters asserted in the application was held in the Hearing Room of the

Commission at 111 Doctors Circle at 11:00 a.m., on Tuesday, September 4, 1990, before the Commissioners, with Chairman Marjorie Amos-Frazier presiding. The Company appeared pro se; and Marsha A. Ward, General Counsel, appeared on behalf of the Commission Staff.

The Company presented the testimony of Dennis Miga, Managing Partner for the Company. Mr. Miga outlined the Company's legal, financial and managerial qualifications, and technical capabilities and addressed the issue of whether the public convenience and necessity requires the issuance of the requested certificate. He further testified that the Company is only seeking interLATA authority from the Commission and introduced the Company's proposed tariff in this matter. That tariff is based on tariffs already approved for other providers of similar services in the State.

Southern Bell's intervention was withdrawn subject to certain stipulations agreed to by the Company and Bell, to-wit: that Matrix Telecom is requesting permission to offer interLATA services only; if any intraLATA calls are inadvertently completed by the Company, the Company will reimburse the LEC pursuant to Commission Order No. 86-763 in Docket 86-187-C; and all operator services will be only for interLATA calls and any "O+" or "O-" interLATA calls will be handed off to the LEC.

After consideration of the evidence in this matter, and in accordance with applicable law, the Commission makes the following findings and conclusions:

1. Matrix Telecom d/b/a Phone\$ave, a Texas based general partnership, is a non-facilities based reseller of interexchange

telecommunications services, which seeks to provide resale interexchange telephone service primarily to members of a nationwide organization, the National Association for the Self Employed (NASE).

2. Consistent with our intent to encourage greater competition in the interexchange market place as previously stated (See, Order No. 89-1015, issued October 23, 1989, in Docket No. 88-693-C), the approval of this application will serve the public interest in that the Company has identified an area which may be open to further competition.

3. The Company herein has shown itself to be fit, willing, and able to provide such resale telecommunication services and that therefore it should be granted a Certificate of Public Convenience and Necessity to provide intrastate, interLATA service through the resale of intrastate Wide Area Telecommunications Services (WATS), Message Telecommunications Service (MTS), Foreign Exchange Service (FX) and Private Line Services, or any other services authorized for resale by tariffs of facility based carriers approved by the Commission.

4. The Company shall block or switch to the LEC all intraLATA calls which are attempted over its network. If the Company incidentally or accidentally completes any intraLATA calls, the LEC should be compensated as ordered by the Commission in Order No. 86-793, issued August 5, 1986, in Docket 86-187-C.

5. A rate structure incorporating a maximum rate level with the flexibility for downward adjustment has been previously adopted

by this Commission. IN RE: Application of GTE Spring Communications Corporation, etc., Order No. 84-622, issued in Docket 84-10-C, on August 2, 1984. The Commission herein adopts the rate design for the Company which includes only a maximum rate level for each tariff charge.

6. The Company asserts it does not intend to provide operator services, therefore, the Commission need not address the stipulation by the Company and Southern Bell regarding such. However, should the Company later wish to offer operator services, the proper filing should be made with the Commission.

7. While the Commission is conscious of the need for resellers to adjust rates and charges timely to reflect the forces of economic competition, rate and tariff adjustments below the maximum levels should not be accomplished without notice to the Commission and to the public. The Company shall incorporate provisions for filing rate changes and publication of notice of such changes two weeks prior to the effective date of such changes, and affidavits of publication must be filed with the Commission. Any proposed increase in the maximum rate level reflected in the tariffs of the Company, which should be applicable to the general body of subscribers, would constitute a general ratemaking proceeding which would be treated in accordance with the notice and hearing provisions of the S.C. Code Ann. Section 58-9-540 (Cum. Supp. 1989).

8. Certain portions of the Company's tariff do not reflect the Company's recurring charges. The Company should file tariffs to

reflect the findings herein within thirty (30) days of the date of this Order and specifically include all subscriber charges, both recurring and non-recurring.

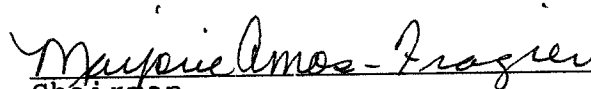
9. The Company may only use such underlying carriers for the provision of intrastate telecommunications service as are certified by this Commission to provide such service and the Company will notify the Commission in writing as to its underlying carrier or carriers and of any change in its carrier.

10. The Company is subject to any applicable access charges pursuant to Commission Order No. 86-584 in which the Commission determined that the reseller should be treated similarly to facility based carriers for access charge purposes.

11. The Company is required to file on a yearly basis surveillance reports with the Commission as required by Order No. 88-178 in Docket 87-483-C. The proper form for these reports should be Attachment A, attached hereto and incorporated by reference herein.

IT IS THEREFORE ORDERED that the foregoing findings and conclusions of the Commission are hereby ordered to be accomplished as set forth herein.

BY ORDER OF THE COMMISSION:


Chairman

ATTEST:


Executive Director

(SEAL)

ANNUAL INFORMATION ON SOUTH CAROLINA OPERATIONS

FOR INTEREXCHANGE COMPANIES AND AOS'S

(1) SOUTH CAROLINA OPERATING REVENUES FOR THE 12 MONTHS ENDING DECEMBER 31 OR FISCAL YEAR ENDING _____.

(2) SOUTH CAROLINA OPERATING EXPENSES FOR THE 12 MONTHS ENDING DECEMBER 31 OR FISCAL YEAR ENDING _____.

(3) RATE BASE INVESTMENT IN SOUTH CAROLINA OPERATIONS* FOR 12 MONTHS ENDING DECEMBER 31 OR FISCAL YEAR ENDING _____.

*THIS WOULD INCLUDE GROSS PLANT, ACCUMULATED DEPRECIATION, MATERIALS AND SUPPLIES, CASH WORKING CAPITAL, CONSTRUCTION WORK IN PROGRESS, ACCUMULATED DEFERRED INCOME TAX, CONTRIBUTIONS IN AID OF CONSTRUCTION AND CUSTOMER DEPOSITS.

(4) PARENT'S CAPITAL STRUCTURE* AT DECEMBER 31 OR FISCAL YEAR ENDING _____.

*THIS WOULD INCLUDE ALL LONG TERM DEBT (NOT THE CURRENT PORTION PAYABLE), PREFERRED STOCK AND COMMON EQUITY.

(5) PARENT'S EMBEDDED COST PERCENTAGE (%) FOR LONG TERM DEBT AND EMBEDDED COST PERCENTAGE (%) FOR PREFERRED STOCK AT YEAR ENDING DECEMBER 31 OR FISCAL YEAR ENDING _____.

(6) ALL DETAILS ON THE ALLOCATION METHOD USED TO DETERMINE THE AMOUNT OF EXPENSES ALLOCATED TO SOUTH CAROLINA OPERATIONS AS WELL AS METHOD OF ALLOCATION OF COMPANY'S RATE BASE INVESTMENT (SEE #3 ABOVE).